

Message Text

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ACTION EB-07

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DEPARTMENT PASS EXIM AND COMMERCE

E.O. 11652: N/A

TAGS: BEXP, BTIO, SU

SUBJ: AIRCRAFT FOR SUDAN

REF: GERLACH MEMCON DATED 27 FEBRUARY

BEGIN SUMMARY. BEECHCRAFT AGENT HAS INQUIRED ABOUT
POSSIBLE EXIM FINANCING FOR GOS PURCHASE OF AMERICAN
AIRCRAFT AND PROBED FOR USG REACTION TO MILITARY SALES.
WHILE CURRENT POLICY PRECLUDES LATTER, BELIEVE
OPPORTUNITY EXISTS FOR FIRMLY ESTABLISHING AMERICAN PRESENCE
IN CIVIL AIRCRAFT MARKET. REQUEST GUIDANCE BY
SEPTEMBER 11. END SUMMARY.

1. MILES DONNELLY, MANAGING DIRECTOR AVIATION
CONSULTANTS (AFRICA) LTD. REPRESENTING BEECHCRAFT, HAS
ASKED FOR OUR ADVICE CONCERNING AVAILABILITY EXIM FINANCING FOR
PURCHASE BY GOS MINISTRY INTERIOR OF SECOND BEECH KING AIR
PLANE, SIMILAR TO ONE PURCHASED EARLIER THIS YEAR. MININTERIOR
REPORTEDLY HAS DOWN PAYMENT \$100,000 AND SEEKS FINANCING
BALANCE \$550,000. ACCORDING DONNELLY, MINISTRY ANXIOUS
PURCHASE SECOND BEECH IF FINANCING AVAILABLE; OTHERWISE WILL GO
FOR SMALLER AIRCRAFT (PROBABLY OTHER THAN US) CLOSER IN PRICE

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TO AMOUNT DOWN PAYMENT IN HAND (WHICH HAS BECOME AVAILABLE AS

INSURANCE PROCEEDS COVERING RECENT CRASH ANOTHER MINISTRY AIRCRAFT).

2. IN ADDITION, SALE OF THIRD BEECH KING AIR TO MINISTRY LOCAL GOVERNMENT UNDER CONSIDERATION. GOS ASSIGNING SECOND PRIORITY AT THIS STAGE, BUT SALE CONSIDERED EXCEPTIONALLY GOOD PROSPECT BY DONNELLY, GIVEN AVAILABILITY FINANCING. IN THIS CASE, MINISTRY HAS \$300,000 DOWN PAYMENT AND REQUIRES FINANCING BALANCE \$350,000.

3. DONNELL SAID THAT GOS PREPARED SUBMIT APPLICATIONS TO EXIM IN BOTH CASES PENDING ADVICE INDICATING THAT "FAVORABLE CONSIDERATION" WILL BE GIVEN.

4. DONNELLY ALSO INQUIRED AS TO ANY CHANGE IN US POLICY CONCERNING SALE OF MILITARY AIRCRAFT TO SUDAN, WHICH HE RELATED TO POSSIBLE GOS INTEREST IN BELL HELICOPTERS (FOR WHICH DONNELLY ACTING AS CONSULTANT).

5. WITH RESPECT TO MILITARY SALES POLICY, DONNELLY SOUGHT INDICATION OF PROBABLE USG AND EXIM REACTION TO SUDANESE AIR FORCE INTEREST IN PURCHASING BEECH SUPER KING AIRCRAFT FOR PRESIDENTIAL USE. WHILE AIRCRAFT WOULD NOT BE FOR MILITARY USE, DONNELLY (AND, PRESUMABLY, GOS) WONDERING WHETHER FACT THAT AIR FORCE THE PURCHASING AGENT WOULD AFFECT PROSPECTS OF USG APPROVAL OR EXIM CONSIDERATION.

6. WITH REGARD TO PROSPECTS FOR EXIM PARTICIPATION IN TWO BEECH KING SALES, EMBOFF EXPLAINED THAT, WHILE EXIM ENTERTAINING PROPOSALS FROM SUDAN, CONSIDERATION OF SPECIFIC REQUESTS IS DEPENDENT UPON INFORMATION SUBMITTED BY APPLICANT: EXIM COULD NOT COMMIT ITSELF IN ADVANCE. SECONDLY, EMBOFF TOLD DONNELLY THAT CURRENT USG POLICY WOULD NOT BE FAVORABLE TO APPROVAL OF SALE OF HELICOPTERS FOR MILITARY USE AND DISCOURAGED HIM FROM PURSUING THIS MATTER FURTHER AT THE PRESENT TIME. WITH RESPECT TO POSSIBLE PURCHASE OF AN AIRCRAFT FOR PRESIDENTIAL USE, EMBOFF VENTURED THAT CONTROLLING FACTOR WOULD BE THE INTENDED USE RATHER THAN THE PURCHASING AGENT, ALTHOUGH CONSIDERATION WOULD BE LESS COMPLICATED IF THE LATTER WERE NON-MILITARY.

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7. COMMENT: SUDANESE HAVE SHOWNDEFINITE PREFERENCE FOR AMERICAN CIVIL AIRCRAFT (BOEING 707S AND 737S, FIRST BEECH PLANE), AN ATTITUDE WE OF COURSE WANT TO STRENGTHEN. IT IS NOT CERTAIN THAT DENIAL OF EXIM PARTICIPATION WOULD TURN GOS TO OTHER FOREIGN SUPPLIERS (WITNESS THE PURCHASE OF THE 737S), BUT WE CANNOT COUNT ON MAINTAINING OUR FAVORABLE POSITION SHOULD FINANCING FOR OTHER, E.G.

BRITISH, AIRCRAFT MATERIALIZE. AS FOR PRESIDENTIAL AIRCRAFT, SEEMING EXTRAVAGANCE MUST BE VIEWED ALONGSIDE FACT THAT PRESIDENT NOW IN HABIT OF COMMANDERING ONE OF SUDAN AIR'S TWO REVENUE-BEARING 707S FOR HIS RATHER FREQUENT STATE VISITS ABORAD OR HIS TRIPS TO THE SOUTHERN REGION. CESSATION OF THIS PRACTICE THROUGH PURCHASE OF BEECH SUPER KING COULD BRING ABOUT NET SAVING.

8. ACTION REQUESTED: IF DEPARTMENT CAN PROVIDE EMBASSY WITH GUIDANCE FOR DONNELLY FURTHER TO THAT PROVIDED BY EMBOFF, WOULD APPRECIATE CABLE RESPONSE BEFORE DONNELLY'S DEPARTURE KHARTOUM SEPTEMBER 12. PLEASE ADVISE.

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